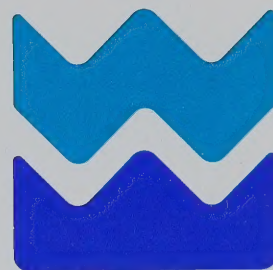


Woodward's



# Woodward's Annual Report 1974

FOR THE FISCAL YEAR ENDED JANUARY 31, 1975





## HIGHLIGHTS OF THE YEAR

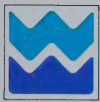
### FOR THE YEAR ENDED JANUARY 31

	1975	1974	% increase
Operating revenue .....	\$508,181,938	\$431,456,779	17.78
Net earnings .....	\$ 10,246,128	\$ 10,362,776	(1.13)
Earnings per share .....	\$ 1.57	\$ 1.59	(1.26)
Dividends paid .....	\$ 4,766,460	\$ 4,570,018	4.30
Dividends per Class A share .....	\$ .73	\$ .70	4.29

### AT JANUARY 31

Working capital .....	\$ 69,886,699	\$ 71,682,180	(2.50)
Shareholders' equity .....	\$ 95,459,512	\$ 89,929,844	6.15
Equity per share .....	\$14.62	\$13.77	6.17





## DIRECTORS

CHARLES NAMBY WYNN WOODWARD\*  
ROSE BANCROFT  
FREDERICK BLAKE BARKER  
WILLIAM GEORGE BROWN\*  
THOMAS KENNETH CAMPBELL\*  
CHARLES REGINALD CLARRIDGE\*  
THOMAS RAYMOND FARRELL\*\*\*  
MARCO GANDOSI, C.A.\*  
LESLIE GEORGE HULL  
J. NORMAN HYLAND\*\*  
HAROLD LESLIE JOY  
CYRIL L. KEETCH\*  
G. W. MACLAREN, C.A.\*  
JOHN OXLEY MOXON\*  
LEWIS GEORGE PHIPPS  
FRANK A. ROBERTSON\*  
AIDAN ROBINSON  
WALTER GORDON SKINNER, F.C.A.\*\*  
ROBERT ARTHUR WHITE\*\*

\*Member of Executive Committee

\*\*Member of Audit Committee

\*\*\*Alternate Member of Audit Committee

## AUDITORS

DELOITTE, HASKINS & SELLS  
Chartered Accountants, Vancouver, British Columbia

## REGISTRAR

WOODWARD STORES LIMITED  
Vancouver, British Columbia

## OFFICERS

CHARLES NAMBY WYNN WOODWARD  
*Chairman of the Board and Chief Executive Officer*  
CHARLES REGINALD CLARRIDGE  
*President and Chief Operating Officer*  
THOMAS KENNETH CAMPBELL  
*Executive Vice President*  
G. W. MACLAREN, C.A.  
*Senior Vice President*  
~~MARCO GANDOSI, C.A.~~  
*Vice President, Finance and Secretary*  
JOHN OXLEY MOXON  
*Vice President, Personnel*  
FRANK A. ROBERTSON  
*Vice President, Merchandising*  
GORDON ALEXANDER ANDERSON  
*Assistant Secretary*

## TRANSFER AGENTS

WOODWARD STORES LIMITED  
Vancouver, British Columbia  
MONTREAL TRUST COMPANY  
Toronto, Ontario; Montreal, Quebec; Edmonton, Alberta.

## HEAD OFFICE

101 West Hastings Street, Vancouver, British Columbia





## Directors' Report to the Shareholders

On behalf of the Board it is a pleasure to present the Annual Report of Woodward Stores Limited and subsidiary companies for the year ended January 31, 1975.

Last year we reported that operating revenue passed the \$400 million mark for the first time. We are pleased to report that operating revenue for this fiscal year reached a new record level of \$508,181,938 compared to \$431,456,779 for last year, an increase of 17.78%. Net earnings for the year amounted to \$10,246,128 or \$1.57 per share compared with \$10,362,776 or \$1.59 per share for the previous year.

Consumer demand for goods and services remained strong throughout the year, particularly in the province of Alberta. We are concerned, however, that in spite of an increase in operating revenue of 17.78% net earnings decreased by 1.13%. Net earnings were adversely affected by the impact of inflationary pressures on salaries and all other operating expenses, the general slowdown in the economy of British Columbia which commenced in the latter part of last year and the 10% Federal income tax surcharge which was imposed effective May 1, 1974. Net earnings for the current year were decreased by \$600,000 or 9¢ per share as a result of the Federal income tax surcharge.

A half-yearly dividend of 45¢ per share has been declared payable on April 30, 1975 which is equal to the amount paid at the same date in the previous year. In total, dividends with respect to the past year's operations are 73¢ per share compared to 70¢ per share with respect to the previous year.

A consolidated statement of changes in financial position appears later in this report. You will note that total funds provided amounted to \$35,575,027, including \$15,200,864 provided from operations and \$20,000,000 representing the issue of Sinking Fund Debentures. Total funds applied amounted to \$37,370,508 including \$23,270,296 on additions to properties, fixtures and equipment, \$8,913,224 on reduction in long term debt and \$4,766,460 on dividends. Working capital at the year end amounted to \$69,886,699.

During the year your Company marketed a public issue of \$20 million 11 1/4% 20 year Sinking Fund Debentures at par. The net proceeds after applying \$5 1/2 million to the retirement of the bank loan of Woodward Stores (Westmount) Limited were used to reduce short term indebtedness incurred to finance increased levels of inventories and to provide funds for current expansion projects.

Interim financing in the amount of \$15 million has been arranged for the Lethbridge Centre development located in the central business district of Lethbridge, Alberta, and negotiations are proceeding with respect to long term financing.

During the year, your Company opened three new outlets. The most significant of these was the opening on May 1, 1974 of the new leased department store and food floor of approximately 400,000 square feet in the Edmonton Centre complex in Edmonton, Alberta, in which your Company holds a 30% interest. This store is approximately double the

size of the old Edmonton store which it replaced. The first portion of the shopping concourse, the first office tower and parking facilities in the Edmonton Centre complex also opened at this time. The balance of Stage Two consisting of the remaining portion of the shopping concourse, a banking hall and a second office tower is presently under construction with completion planned for the fall of 1975 for the remaining portion of the shopping concourse and banking hall and the summer of 1976 for the second office tower.

In addition, on May 2, 1974, a leased bargain store and book store were opened in the expanded facilities of the Chinook-Ridge shopping centre in Calgary, Alberta, and on November 13, 1974 a leased food store, floral shop and gift boutique were opened in the Arbutus Village Square shopping centre in Vancouver, British Columbia.

Capital expenditures to be incurred for new developments under construction which are due for completion in the year ahead, and outlined on pages 6 and 7 of this annual report, are estimated at \$20 million.

This past year was a difficult one for your Company, particularly in the area of escalating operating costs. We expect that the first six to eight months of 1975 will be equally as difficult combined with a moderation in consumer demand due to unstable economic conditions. We look hopefully for an improvement in economic conditions towards the latter part of 1975.

Mr. T. R. Farrell, our President, retired effective January 29, 1975.



He commenced his career with the Company in 1928 in the Food Division, and during his term of service, held various senior positions. Because of his wisdom, experience and strong leadership qualities, he contributed greatly to the growth and success of the Company. We shall, however, retain the value of his counsel, as he will continue as a Director.

Mr. C. R. Clarridge, formerly Executive Vice President, was appointed President and Chief Operating Officer to succeed Mr. Farrell. In addition, the following senior appointments were made effective January 29, 1975:

Mr. T. K. Campbell, formerly Senior Vice President, to Executive Vice President; Mr. G. W. MacLaren, formerly Vice President Development and Special Projects, to Senior Vice President; and Mr. F. A. Robertson, formerly General Merchandise Manager, to Vice President, Merchandising.

In keeping with the retirement age policy for Directors, Mr. G. D. Glanville retired from the Board in January, 1975. We extend to Mr. Glanville our best wishes and appreciation for his contribution to the Company.


There is at times a lack of understanding of the essential role played by the profit motive, and therefore we take this opportunity to express our views on this subject. We believe that no apology need be made for this motive, and consider that profit is necessary for very sound reasons which are often overlooked. Additional funds are needed in times of higher inflation to finance inventories and accounts

receivable required for existing stores, let alone provide for new stores. In times of high cost of borrowing such as experienced during this past year, it is more important than ever for companies to depend on retained earnings.

In addition to paying taxes to all levels of government, we have a responsibility to ensure that the salaries, working conditions, pension benefits and job satisfaction of our staff are competitive with the standards of the communities in which we operate. Funds are also needed to up-date and modernize existing plants and systems in order to be in a position to continue offering high standards of service to our many customers. Ranking equally with these objectives is the continuing obligation to meet interest and principal commitments to our debenture holders and to provide our shareholders with a dividend return on the capital which they have invested in our business.

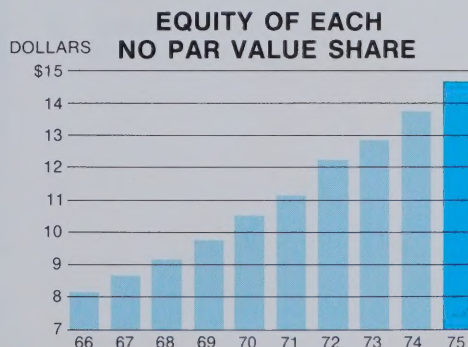
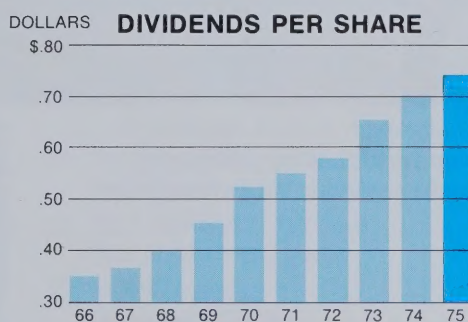
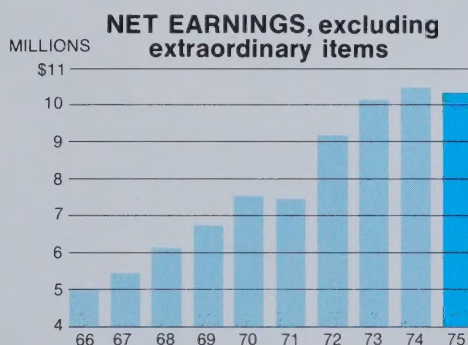
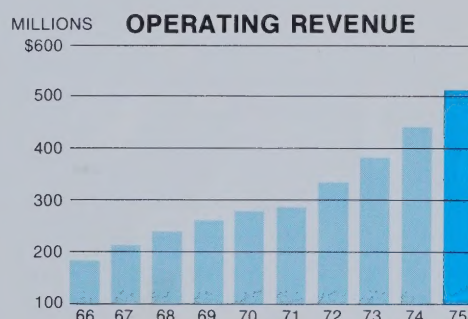
We hope that all members of the community, and in particular our staff and customers, will appreciate our concern to retain and strengthen the excellent relationships of the past. We therefore thank, on your behalf, our staff and customers for their contribution to the results of the Company for the year. We also assure them of our continuing efforts to further these valued relationships in the future.

*Respectfully submitted,*

 *Woodward.*

*Chairman of the Board and  
Chief Executive Officer.*

April 2, 1975





# A period of growth

1974 marked a year of growth for your Company. The opening of the Edmonton Centre department store, Arbutus Village food floor and Woodwynn House gift boutique has been detailed for you in the Directors' report. However, 1974 was also a year of renovations to existing facilities. The Oakridge department store, furniture and food stores in Vancouver, British Columbia have been updated, with new ceilings, flooring and fixtures. The Downtown Vancouver store, currently in the third year of an on-going four year plan of renovation and refixturing, underwent extensive changes: new escalators and elevators were installed and put into operation; a new staff cafeteria was relocated and opened on the 4th floor and work commenced on a new staff lounge, to be completed early in 1975. Relocations of merchandise departments were also undertaken in 1974, resulting in more contemporary shopping facilities for our valued customers.



A



B





C



- A. Gourmet Food Section, Arbutus Shopping Centre
- B. Staff Cafeteria, 4th floor, Downtown Vancouver
- C. Mall Entrance, Edmonton Centre
- D. Carpet Department, Edmonton Centre

D



# 1975's construction picture

1975 will be a banner year for construction completions. A total of six projects will come on stream, two of which are wholly owned by Woodward's and four are on a leased basis.

**LETHBRIDGE CENTRE**, Lethbridge, Alberta, is an owned centre, and comprises Woodward's department store, food store and auto centre in an area of 184,000 square feet, an office tower of 87,000 square feet of leasable area, a theatre of 10,000 square feet, and commercial retail units with 62,000 leasable square feet. Opening date is projected for August, 1975.

**SEVENOAKS**, near Abbotsford, British Columbia, is a leased operation with Woodward's department store, food store and auto centre occupying 180,000 square feet. Opening date is scheduled for September, 1975.

**CHERRY LANE**, Penticton, British Columbia is a leased operation. Woodward's department store, food store, and auto centre will occupy 124,000 square feet. Projected opening date is October, 1975.

**FURNITURE FAIR**, Edmonton, Alberta, was opened in March of this year in leased premises of approximately 147,000 square feet. It is currently receiving the attention of Edmonton shoppers and it is hoped that it will have the same degree of success as did the first Furniture Fair in Burnaby, British Columbia, which opened in October, 1973.



A

**BARGAIN STORE**, Mayfair Centre, Victoria, British Columbia, is leased and will provide 17,000 square feet of additional space. Projected opening date is August, 1975.

**RICHMOND DISTRIBUTION CENTRE**, Richmond, British Columbia, is a fully owned development that will encompass 705,000 square feet when completed, with the first phase of 174,000 square feet under construction and scheduled to be opened in the Fall of 1975.



B





C



D



E

- A. Cherry Lane Shopping Centre,  
Penticton, British Columbia
- B. Cherry Lane Shopping Centre,  
Penticton, British Columbia
- C. Lethbridge Centre, Alberta
- D. Lethbridge Centre, Alberta
- E. Sevenoaks Shopping Centre,  
Abbotsford, British Columbia





## CONSOLIDATED STATEMENT OF EARNINGS

YEAR ENDED JANUARY 31

### OPERATING REVENUE:

	1975	1974
Sales including service charges .....	\$504,491,394	\$427,981,693
Rental revenue and other income .....	3,690,544	3,475,086
Total operating revenue .....	<u>508,181,938</u>	<u>431,456,779</u>

### COSTS AND EXPENSES:

Cost of merchandise sold and all other expenses except those listed hereunder .....	369,418,741	314,559,076
Selling, general and administrative .....	102,289,899	84,141,922
Profit sharing and retirement funds .....	5,083,836	4,701,465
Depreciation .....	4,511,892	3,917,706
Interest on long term debt .....	4,153,786	2,838,741
Other interest .....	<u>1,701,754</u>	<u>668,039</u>
Total costs and expenses .....	<u>487,159,908</u>	<u>410,826,949</u>

### OPERATING EARNINGS

Share of net earnings of corporate joint ventures .....	21,022,030	20,629,830
	<u>184,098</u>	<u>176,246</u>

### EARNINGS BEFORE INCOME TAXES

Provision for income taxes:		
Current .....	10,777,000	10,166,300
Deferred .....	<u>183,000</u>	<u>277,000</u>
Total provision for income taxes .....	<u>10,960,000</u>	<u>10,443,300</u>

### NET EARNINGS FOR THE YEAR

	<u>\$ 10,246,128</u>	<u>\$ 10,362,776</u>
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### EARNINGS PER SHARE (Note 6)

	<u>\$1.57</u>	<u>\$1.59</u>
Fully diluted earnings per share (Note 6) .....	<u>\$1.51</u>	<u>\$1.53</u>

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

YEAR ENDED JANUARY 31

### RETAINED EARNINGS AT BEGINNING OF THE YEAR

Net earnings for the year .....	\$ 66,823,517	\$ 61,030,759
	<u>10,246,128</u>	<u>10,362,776</u>
	77,069,645	71,393,535

### DEDUCT:

Dividends (Note 3) .....	4,766,460	4,570,018
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### RETAINED EARNINGS AT END OF THE YEAR

	<u>\$ 72,303,185</u>	<u>\$ 66,823,517</u>
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The accompanying notes are an integral part of the financial statements.



**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION****YEAR ENDED JANUARY 31****FUNDS PROVIDED:**

	<b>1975</b>	<b>1974</b>
Net earnings for the year .....	\$10,246,128	\$10,362,776
Add dividend from a corporate joint venture .....	240,000	300,000
	<u>10,486,128</u>	<u>10,662,776</u>
Add items not involving a flow of funds:		
Depreciation .....	4,511,892	3,917,706
Deferred income taxes .....	183,000	277,000
Other .....	19,844	(185,889)
Total funds provided from operations .....	<u>15,200,864</u>	<u>14,671,593</u>
Proceeds from disposal of properties, fixtures and equipment .....	374,163	66,778
Increase in long term debt .....	20,000,000	17,829,333
Return of advances to corporate joint ventures .....	—	146,500
Total funds provided .....	<u>35,575,027</u>	<u>32,714,204</u>

**FUNDS APPLIED:**

Additions to properties, fixtures and equipment .....	23,270,296	13,181,983
Reduction in long term debt .....	8,913,224	3,135,639
Cash dividends (Note 3) .....	4,766,460	4,570,018
Increase in debt expense .....	420,528	314,417
Total funds applied .....	<u>37,370,508</u>	<u>21,202,057</u>

**(DECREASE) INCREASE IN WORKING CAPITAL FOR THE YEAR .....** (1,795,481) 11,512,147

**WORKING CAPITAL AT BEGINNING OF THE YEAR .....** 71,682,180 60,170,033

**WORKING CAPITAL AT END OF THE YEAR .....** \$69,886,699 \$71,682,180

*The accompanying notes are an integral part of the financial statements.*

**AUDITORS' REPORT TO THE SHAREHOLDERS**

We have examined the consolidated balance sheet of Woodward Stores Limited and its subsidiaries as at January 31, 1975 and the consolidated statements of earnings, retained earnings, and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at January 31, 1975 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, British Columbia.  
April 2, 1975

**DELOITTE, HASKINS & SELLS**  
*Chartered Accountants*





## ASSETS

### CURRENT ASSETS:

	<u>1975</u>	<u>1974</u>
Cash (including short term deposits of \$2,923,959 in 1974).....	\$ 4,887,525	\$ 6,790,374
Marketable securities at cost (market value 1975—\$5,202,513; 1974—\$6,161,548) .....	1,412,543	1,419,008
Accounts receivable .....	38,218,644	37,570,658
Merchandise valued at the lower of cost and net realizable value .....	74,522,230	64,183,604
Prepaid expenses .....	<u>1,541,899</u>	<u>838,111</u>
Total current assets .....	<u>120,582,841</u>	<u>110,801,755</u>

<b>INVESTMENTS IN CORPORATE JOINT VENTURES</b> (Note 1) .....	<u>1,139,412</u>	<u>1,195,314</u>
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### PROPERTIES, FIXTURES AND EQUIPMENT (Note 1):

Land .....	20,826,654	18,072,315
Buildings and improvements .....	59,373,520	47,986,912
Fixtures and equipment .....	<u>41,998,823</u>	<u>36,836,538</u>
Total cost .....	122,198,997	102,895,765
Less accumulated depreciation .....	<u>39,673,260</u>	<u>38,582,086</u>
Net properties, fixtures and equipment .....	<u>82,525,737</u>	<u>64,313,679</u>

<b>DEBT EXPENSE AT COST LESS AMORTIZATION</b> .....	<u>837,664</u>	<u>448,895</u>
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APPROVED BY THE BOARD:

C. N. Woodward, *Director*

M. Gandossi, *Director*

<b>TOTAL</b> .....	<u><u>\$205,085,654</u></u>	<u><u>\$176,759,643</u></u>
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# CONSOLIDATED BALANCE SHEET AS AT JANUARY 31, 1975

(with 1974 figures for comparison)

## LIABILITIES AND SHAREHOLDERS' EQUITY

	1975	1974
<b>CURRENT LIABILITIES:</b>		
Bank indebtedness (including notes payable of \$2,000,000 in 1974) ..	\$ 11,023,982	\$ 10,574,236
Accounts payable and accrued liabilities .....	34,743,893	24,639,964
Income taxes .....	528,199	680,735
Current portion of long term debt .....	3,530,068	2,726,640
Notes payable to a corporate joint venture .....	870,000	498,000
Total current liabilities .....	<u>50,696,142</u>	<u>39,119,575</u>
<b>LONG TERM DEBT</b> (Note 2) .....	<u>57,241,000</u>	<u>46,204,224</u>
<b>DEFERRED INCOME TAXES</b> .....	<u>1,689,000</u>	<u>1,506,000</u>
<b>SHAREHOLDERS' EQUITY</b> (Note 3):		
Share capital:		
Authorized:		
600,000 4½% non-cumulative preference shares, par value \$5 each, redeemable at par		
8,503,300 Class A shares, no par value		
1,796,700 Class B shares, no par value		
Issued and fully paid:		
4,766,630 Class A shares (1974—4,757,930) .....	12,681,325	12,615,825
1,764,500 Class B shares (1974—1,770,700) .....	<u>4,411,250</u>	<u>4,426,750</u>
6,531,130 Total share capital .....	17,092,575	17,042,575
Contributed surplus (no transactions during the year) .....	4,595,953	4,595,953
Unrealized gains on sales of certain fixed assets to corporate joint ventures (no transactions during the year) .....	1,467,799	1,467,799
Retained earnings .....	<u>72,303,185</u>	<u>66,823,517</u>
Total shareholders' equity .....	<u>95,459,512</u>	<u>89,929,844</u>
<b>TOTAL</b> .....	<u>\$205,085,654</u>	<u>\$176,759,643</u>

The accompanying notes are an integral part of the financial statements.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, JANUARY 31, 1975

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

## a) Principles of Consolidation and Basis of Presentation:

The consolidated financial statements include the accounts of the Company and its subsidiaries listed below, all of which are wholly-owned:

## Store Companies

## British Columbia

Woodward Stores (Vancouver) Limited  
Woodward Stores (Port Alberni) Limited  
Woodward Stores (Park Royal) Limited  
Woodward Stores (Maple Ridge) Limited  
Woodward Stores (Westminster) Limited  
Woodward Stores (Cannock) Limited

Woodward Stores (Kamloops) Limited  
Woodward Stores (Gulford) Limited  
Woodward Stores (Prince George) Limited  
Woodward Stores (Arbutus) Limited  
Woodward Stores (Sevenoaks) Limited  
Woodward Stores (Penticton) Limited  
Woodward's Furniture Fair Limited

## Alberta

Woodward Stores (Edmonton) Limited  
Woodward Stores (Westmount) Limited  
Woodward Stores (Chinook) Limited  
Woodward Stores (Northgate) Limited

Woodward Stores (Southgate) Limited  
Woodward Stores (Market Mall) Limited  
Woodward Stores (Lethbridge) Limited  
Woodward's Furniture Fair (Edmonton) Limited

## Other Companies:

Woodward Acceptance Company Limited  
Provincial Construction Company Limited  
Woodward Holdings Limited  
Locarno Investments Limited  
Britannia Wholesale Drugs Limited  
J. Phillips & Company Limited

Thirty-one Purchasing Service Limited  
Lansdowne Holdings Limited  
Pineview Holdings Limited  
Del-Pak Foods Limited  
Woodward Stores (London) Limited  
Lethbridge Centre Limited  
Britannia Investments Limited

The Company also owns 60% of the issued shares of Southgate Shopping Centre Limited, with the balance of the shares being held by Hudson's Bay Company. Under the terms of a joint venture agreement between the Company and Hudson's Bay Company all major decisions require joint approval. Accordingly, the Company does not have effective control over this subsidiary and therefore its accounts have not been consolidated. In addition the Company has a partial ownership interest in each of Project 200 Properties Limited, Project 200 Investments Limited and The Edmonton Centre Limited. Southgate Shopping Centre Limited and the partially owned companies are accounted for on the equity method of accounting, as corporate joint ventures. On this basis the Company's share of earnings and losses of these companies, based on their last completed fiscal year, is brought into income and the Company's investment therein adjusted by a like amount. Dividends received from these companies are credited to the investment account (1975—\$241,000; 1974—\$300,000). The Company's equity in, and advances to these companies are as follows:

	Equity Interest	Fiscal year end	January 31	
			1975	1974
Southgate Shopping Centre Limited .....	60%	January 31	\$ 30,224	\$ 20,455
Project 200 Properties Limited .....	25%	December 31	325,785	330,935
Project 200 Investments Limited .....	23%	December 31	753,403	813,924
The Edmonton Centre Limited .....	60%	March 31	30,000	30,000
			<u>\$1,139,412</u>	<u>\$1,195,314</u>

## b) Accounts Receivable:

In accordance with recognized industry practice, accounts receivable include certain instalment accounts of which a portion will not become due within one year.

## c) Merchandise Inventories:

The basis of valuation of merchandise, at the lower of cost and net realizable value, is determined principally by use of the retail method of accounting, generally used within the industry.



(d) Depreciation of Properties, Fixtures and Equipment:

The companies provide depreciation principally on the straight line basis at rates sufficient to write off the cost of the various classes of properties, fixtures and equipment over their estimated useful lives. These annual rates, for the major asset classes are 2½% of cost on buildings, 3% of cost on parking improvements and 10% of cost on fixtures and equipment.

(e) Debt Expense:

Expenses related to the issuance of long term debt are amortized on a straight line basis over the term of the issue to which they relate after adjusting for conversions, redemptions and purchases where applicable and the amount amortized is included in interest on long term debt expense in the statement of earnings.

(f) Store Pre-opening Expenses:

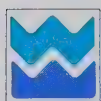
Such expenses, which are included in prepaid expenses, are amortized over a twelve month period commencing with the month of opening.

## 2. LONG TERM DEBT:

January 31

	Maturity	1975	1974
Woodward Stores Limited:			
4%% First Mortgage Sinking Fund Bonds Series B .....	April 1, 1975	\$ 640,000	\$ 1,200,000
5% Sinking Fund Debentures 1957 Series .....	Jan. 15, 1977	37,000	37,000
5% Sinking Fund Debentures 1958 Series with annual sinking fund requirements on May 15 of \$200,000 .....	May 15, 1978	1,660,000	1,715,000
5¾% Sinking Fund Debentures 1965 Series with annual sinking fund requirements on June 15 of \$400,000 to 1977 and \$500,000 thereafter .....	June 15, 1985	6,478,000	6,805,000
6¾% Convertible Sinking Fund Debentures 1969 Series with annual sinking fund requirements of sums sufficient to retire on September 1, in each of the years 1980 to 1988 inclusive, 5% of the principal amount outstanding on September 1, 1979 .....	Sept. 1, 1989	9,126,000	9,176,000
8¾% Sinking Fund Debentures 1973 Series with annual sinking fund requirements on July 15 of \$500,000 in each of the years 1977 to 1980 inclusive, \$600,000 in each of the years 1981 to 1984 inclusive, \$700,000 in each of the years 1985 to 1988 inclusive, and \$800,000 in each of the years 1989 to 1992 inclusive .....	July 15, 1993	15,000,000	15,000,000
11¼% Sinking Fund Debentures 1974 Series with annual sinking fund requirements on October 15 of \$800,000 in each of the years 1978 to 1984 inclusive, and \$1,000,000 in each of the years 1985 to 1993 inclusive .....	Oct. 15, 1994	20,000,000	—
Woodward Stores (Westmount) Limited:			
5½% First Mortgage payable in monthly instalments of \$28,215 with a balance of \$1,193,600 due at maturity .....	Dec. 1, 1975	1,415,402	1,668,531
Bank Loan secured by mortgage debenture at prime interest rate plus 1% maturing December 1, 1975 (paid October 16, 1974) .....	—	—	5,500,000
Woodward Acceptance Company Limited:			
6½% Debentures Series A .....	Dec. 15, 1977	5,000,000	5,000,000
Lansdowne Holdings Limited:			
First Mortgage on certain land at prime interest rate payable July 30, 1975 .....	July 30, 1975	1,414,666	2,829,333
		60,771,068	48,930,864
		3,530,068	2,726,640
Less current portion shown in current liabilities .....		\$57,241,000	\$46,204,224





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — Continued

The 4% First Mortgage Sinking Fund Bonds Series B are secured by a fixed charge on certain real and immovable property and other assets of the Company and a subsidiary and by a floating charge on their undertakings and the undertakings of certain other subsidiaries.

The 5½% First Mortgage of Woodward Stores (Westmount) Limited is secured by a charge on the Westmount Shopping Centre.

All Debentures of the Company rank equally and are secured equally and rateably, except for sinking funds pertaining to the respective issues, by floating charges upon the undertakings and all property and assets, present and future, of the Company and certain designated subsidiaries in the provinces of British Columbia and Alberta, subject to prior security described above. The 6¼% Convertible Debentures are convertible at the holder's option at any time up to September 1, 1979 into 50 Class A shares per \$1,000 principal amount of debentures.

The First Mortgage of Lansdowne Holdings Limited is secured by a parcel of land held for future development.

The Trust Indentures, pursuant to which the First Mortgage Sinking Fund Bonds Series B and the Debentures of the Company have been issued, contain restrictive covenants concerning the payment of dividends. At January 31, 1975, the consolidated net current assets were approximately \$50,000,000 in excess of the requirement under the most restrictive of such covenants, and the consolidated retained earnings free of restrictions were approximately \$17,000,000.

Maturities and sinking fund requirements during the next five fiscal years are as follows:

1976—\$3,530,068; 1977—\$315,000; 1978—\$6,100,000; 1979—\$3,000,000; 1980—\$1,800,000.

### 3. SHAREHOLDERS' EQUITY:

#### (a) Share Capital:

456,300 Class A shares are reserved to meet in full the conversion rights of the holders of the 6¼% Convertible Sinking Fund Debentures 1969 Series. 2,500 Class A shares were issued on such conversions during the year. Each Class B share may be exchanged, at the holder's option, for a Class A share. 6,200 Class B shares were so exchanged during the year.

#### (b) Dividends:

	1975	1974
Cash dividends—Class A shares .....	\$3,477,835	\$3,320,028
—Class B shares (including taxes related thereto of \$193,294; 1974—\$187,499) .....	1,288,625	1,249,990
	<u>\$4,766,460</u>	<u>\$4,570,018</u>

### 4. STATUTORY INFORMATION:

The aggregate direct remuneration paid or payable by the Company and its subsidiaries to the directors and senior officers of the Company during the year amounted to \$798,297 (1974—\$849,904).

### 5. CONTINGENT LIABILITIES AND COMMITMENTS:

(a) The aggregate minimum annual rentals (exclusive of property taxes and other expenses payable directly by the lessee) under long term leases for premises in shopping centres, a warehouse and furniture warehouse and retail outlets are approximately \$5,900,000. Most leases contain a percent-of-sales clause. Taking into account renewal clauses contained in every lease, the earliest expiry date is the year 2000, with the exception of 63,000 square feet of space in the downtown Vancouver store where the lease expires in 1987. The aggregate amount of rentals under long term leases charged against earnings during the year ended January 31, 1975 was approximately \$6,100,000.

(b) The estimated unfunded liability with respect to the employees' non contributory pension plan is \$6,700,000 which will be amortized and absorbed against income over the fiscal years 1976 to 1989. The total pension expense charged against income in respect of the employees' non contributory pension plan for the year amounted to \$2,244,000 (1974—\$2,208,000).

(c) The Company has jointly and severally agreed under a Deficiency Agreement to make available sufficient funds to pay the principal, interest and redemption premium, if any, on the First Mortgage Bonds of Southgate Shopping Centre Limited, which were issued in the amount of \$13,500,000.



- (d) The Edmonton Centre Limited, a partially owned company, has issued \$20,000,000 8% Series A, \$15,000,000 8% Series B and \$17,500,000 9¼% Series C First Mortgage Sinking Fund Bonds to finance its development and construction costs, which for Stages One and Two are estimated to aggregate \$61,000,000. Under an Indemnity Agreement the Company has a contingent liability to the extent of 30% with respect to this indebtedness, any additional series of bonds which may be issued, and any subordinated debt which may be required to complete construction of Stages One and Two.
- (e) The Company is constructing the first phase of the Lethbridge Centre project estimated to cost approximately \$18,000,000, of which approximately \$11,000,000 is included in buildings and improvements at January 31, 1975. Negotiations are in progress to arrange long term financing for the project.
- (f) The Company, jointly with the other corporate shareholders of Project 200 Investments Limited, has entered into an agreement, in connection with a bank loan agreement undertaken by Project 200 Investments Limited. The shareholders have jointly and severally agreed, while this bank loan is outstanding, to a postponement of claim on their advances and that they will not, without the prior written consent of the bank, reduce their holdings and interest in Project 200 Investments Limited except by transfer to existing corporate shareholders or their affiliates.
- (g) A subsidiary of the Company has made commitments for the construction of the first phase of a warehouse and distribution centre on land owned by the subsidiary. This first phase is expected to cost approximately \$4,000,000 for building construction and fitting out requirements. Approximately \$700,000 of the construction cost is included in buildings and improvements at January 31, 1975.
- (h) The Company anticipates that additional costs of leasehold improvements, fixtures and equipment with respect to other projects which will be completed during the next fiscal year will amount to approximately \$10,000,000.

#### **6. EARNINGS PER SHARE:**

Earnings per share are calculated on the weighted average number of shares outstanding during the year. Fully diluted earnings per share are calculated on the weighted average number of shares that would have been outstanding during the year had all of the 6¾% Convertible Debentures 1969 Series been converted into Class A shares at the beginning of each year. In making this calculation the earnings applicable to Class A and B shares have been increased by the amount of the interest on the convertible debentures, net of applicable income taxes.

#### **7. RECLASSIFICATION OF COMPARATIVE FIGURES:**

Certain of the 1974 figures have been reclassified to conform with the classifications used in 1975.

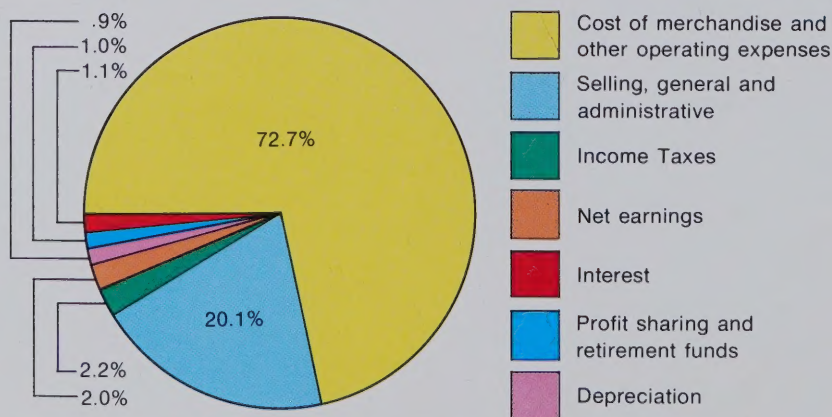




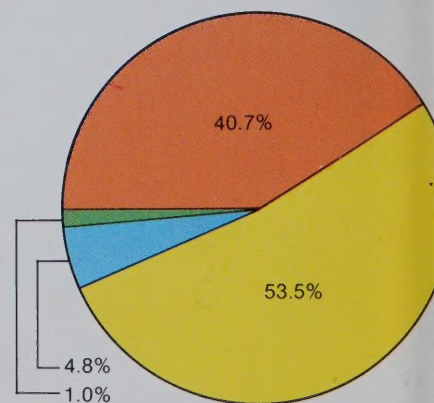
**COMPARATIVE RECORD — Years ended January 31**

	1975	1974	1973
<i>Sales Including Service Charges</i>	\$504,491,394	\$427,981,693	\$375,755,598
<i>Rental Revenue and Other Income</i>	3,690,544	3,475,086	3,023,938
<i>Selling, General and Administrative Expenses</i>	102,289,899	84,141,922	73,396,620
<i>Provision for Depreciation Charged to Operations</i>	4,511,892	3,917,706	3,669,623
<i>Interest on Long Term Debt</i>	4,153,786	2,838,741	2,234,428
<i>Profit Sharing and Retirement Funds</i>	5,083,836	4,701,465	4,297,033
<i>Provision for Income Taxes</i>	10,960,000	10,443,300	8,925,400
<i>Earnings (*Excluding Extraordinary Items of Income)</i>	10,246,128	10,362,776	*10,061,672
<i>Earnings per Share Excluding Extraordinary Items</i>	\$ 1.57	\$ 1.59	\$ 1.54
<i>Dividends per Class A Share</i>	.73	.70	.65
<i>Working Capital (Current Assets less Current Liabilities)</i>	\$ 69,886,699	\$ 71,682,180	\$ 60,170,033
<i>Ratio of Current Assets to Current Liabilities</i>	2.38	2.83	2.87
<i>Properties, Fixtures and Equipment less Depreciation Provided</i>	\$ 82,525,737	\$ 64,313,679	\$ 55,087,569
<i>Total Assets</i>	205,085,654	176,759,643	149,033,519
<i>Long Term Debt</i>	57,241,000	46,204,224	31,587,530
<i>Shareholders' Equity</i>	\$ 95,459,512	\$ 89,929,844	\$ 84,060,086
<i>Preference Shares Outstanding</i>	—	—	—
<i>Equity of Voting Shares</i>	95,459,512	89,929,844	84,060,086
<i>Equity of Each No Par Value Share</i>	14.62	13.77	12.88

**BREAKDOWN OF \$1 OPERATING REVENUE 1975**



**SOURCE OF FUND**

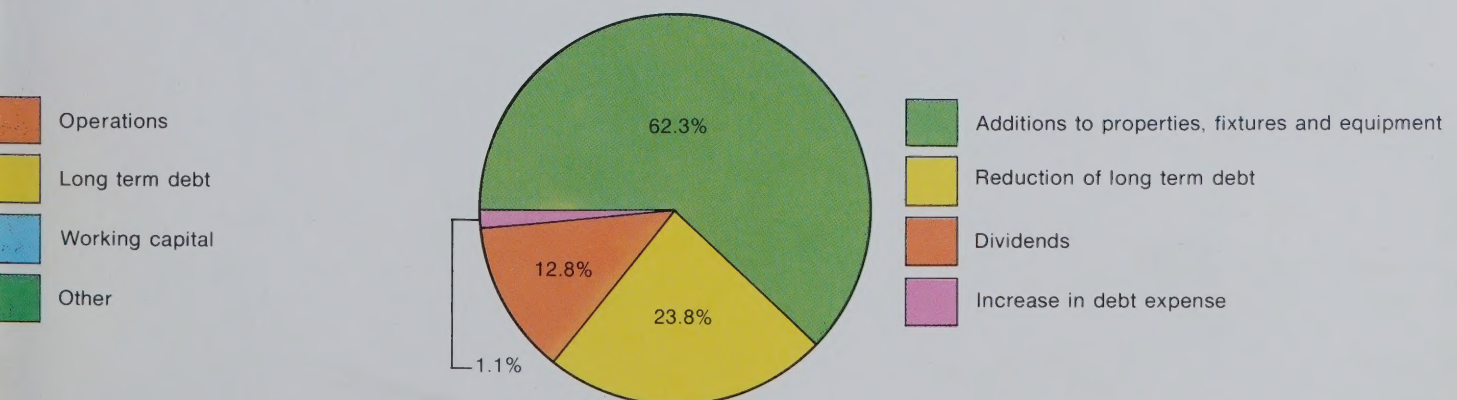




1972	1971	1970	1969	1968	1967	1966
\$332,068,456	\$290,492,320	\$281,221,930	\$257,703,431	\$233,704,646	\$204,963,060	\$181,162,210
2,240,398	1,996,346	1,885,439	1,578,180	1,505,304	1,382,793	1,164,011
64,090,751	56,406,338	53,368,239	48,439,704	43,853,009	38,471,346	33,843,319
3,213,349	2,954,025	2,664,417	2,953,497	2,682,705	2,321,583	1,888,809
1,747,580	1,739,962	1,394,497	1,183,004	1,250,282	1,325,250	1,167,650
4,093,153	3,200,106	3,422,544	2,904,771	1,854,003	1,203,564	836,920
8,444,850	7,603,350	7,741,300	7,108,072	6,026,385	5,365,875	4,592,567
*9,129,866	7,330,536	*7,439,446	*6,762,369	6,027,111	5,440,792	4,986,229
\$ 1.41	\$ 1.13	\$ 1.15	\$ 1.04	\$ .93	\$ .84	\$ .77
.58	.55	.52	.46	.40½	.37½	.35
\$ 56,330,962	\$ 49,445,881	\$ 51,552,135	\$ 41,883,098	\$ 37,586,995	\$ 33,885,127	\$ 36,175,266
3.16	3.14	3.46	2.66	2.51	2.41	2.97
\$ 57,021,267	\$ 45,363,338	\$ 44,035,937	\$ 44,723,119	\$ 45,093,704	\$ 45,978,259	\$ 41,956,373
141,559,921	127,005,712	121,567,031	113,778,015	108,540,681	105,676,538	97,377,276
34,141,143	27,921,000	28,771,000	19,921,000	21,474,000	22,797,000	23,672,000
\$ 78,837,366	\$ 73,633,360	\$ 69,855,149	\$ 65,668,829	\$ 60,429,170	\$ 57,065,881	\$ 53,982,741
—	1,630,560	1,494,385	1,320,450	1,191,180	1,107,180	1,069,000
78,837,366	72,002,800	68,360,764	64,348,379	59,237,990	55,958,701	52,913,741
12.15	11.10	10.54	9.92	9.13	8.63	8.18

075

## USE OF FUNDS 1975

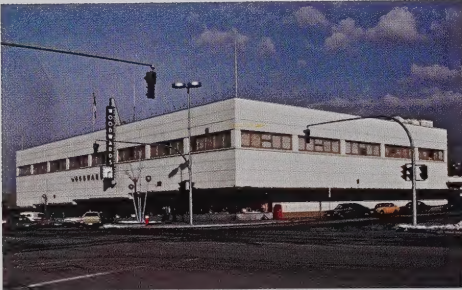




# 16 stores throughout western Canada



1892 DOWNTOWN STORE, Vancouver, B.C.



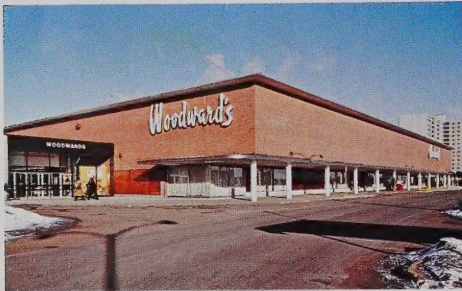
1948 PORT ALBERNI STORE, Vancouver Island, B.C.



1950 PARK ROYAL CENTRE, West Vancouver, B.C.



1954 WESTMINSTER STORE, New Westminster, B.C.



1955 WESTMOUNT CENTRE, Edmonton, Alta.



1959 OAKRIDGE CENTRE, Vancouver, B.C.



1960 CHINOOK-RIDGE CENTRE, Calgary, Alta.



1963 MAYFAIR CENTRE, Victoria, B.C.



1964 KAMLOOPS STORE, Kamloops, B.C.



1965 NORTHGATE CENTRE, Edmonton, Alta.



1966 GUILDFORD CENTRE, Surrey, B.C.



1966 PARKWOOD CENTRE, Prince George, B.C.



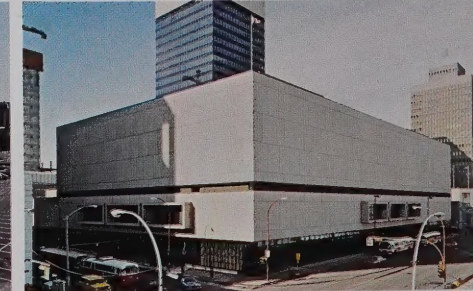
1970 SOUTHGATE CENTRE, Edmonton, Alta.



1971 MARKET MALL CENTRE, Calgary, Alta.



1973 FURNITURE FAIR, Burnaby, B.C.



1974 EDMONTON CENTRE, Edmonton, Alta.